Leading and Embracing Change: Accelerating and Institutionalizing Acquisition Reform

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INDUSTRY EVOLUTION

- **Mergers and acquisitions posturing industry to deliver best value to the Air Force and other DoD customers**
  - **Three full factories more efficient, cost effective and innovative than six factories half empty**
  - **Industry contraction resulting in multi-billion dollar savings on an annual basis**
  - **Industry best practices will capture benefits of synergy**

INNOVATIVE ACQUISITION STRATEGIES

- **Industry can help generate additional savings envisioned by QDR and other OSD Reform initiatives**
  - **Partnerships between government and industry**
  - **Commercial practices and technology**
  - **Best Practices**
  - **Life cycle support innovation, e.g. Prime Vendor Support**

TEAMING & PARTNERSHIPS

- **Smart partnerships between government/industry will accelerate acquisition reform**
  - **Tap savings potential in both new and older systems**
  - **Introduce commercial practices and technologies**
  - **Create an open forum to consider all options for reduced cycle times and costs**
  - **Life cycle strategy for new systems**
  - **Technology infusion for legacy systems**
  - **Strengthen and expand long term relationships**

PAST PERFORMANCE - AN ENABLER

- Required across the DoD
- Reporting elements tied to program success
- Issues can be raised in a timely manner
- Process must be fair
- Opportunity to enhance partnering relationship

BEST PRACTICES

- Industry moving away from cost to value and competitiveness
- World class status imperative in today’s global market place
- Best Practices impact processes across the total enterprise
- Lockheed Martin example

OUTSOURCING

- Public/private competitions for A-76 and depot workloads required by law
- Government cost accounting must be improved for the process to be credible
- Outsourcing process must be streamlined
- Outsourcing can lead to best value private competitions and reduced government infrastructure

ROLE OF THE PUBLIC DEPOTS

- Privatization-in-place at Kelly and McClellan an anomaly to be resolved
- Depots can be seedbeds for public/private teaming and for pursuit of innovative logistics approaches
- Depots have been recipients of public investment that should be used effectively
- Depots must be subject to market tests if best value is to be achieved

CONCLUSION

- DOD CONTRACTING WILL ALWAYS BE DIFFERENT
- DOD CONTRACTING CAN BE DIFFERENT
- WHY DOD MUST CHANGE ITS CONTRACTING PROCESS